

Message Text

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TAGS: ETRD, OECD, PO, SP, CA

SUBJECT: OECD TRADE COMMITTEE WORKING PARTY: IMPORT
RESTRICTION MEASURES

REF: (A) OECD PARIS 35675 (B) OECD PARIS 35694
(C) MADRID 9224 (D) GEWECKE/BRESLER TELECON

1. AT ITS LAST MEETING TC AGREED THAT TCWP SHOULD AT
AN EARLY DATE DISCUSS NOTIFICATIONS OF SPAIN AND PORTUGAL.

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IF ANOTHER DELEGATION OR THE SECRETARIAT PROPOSES

SEPARATE, FULL SCALE CONSULTATIONS ON THE SPANISH TRADE MEASURES, MISSION SHOULD SUPPORT THE PROPOSAL.

2. IF THIS DOES NOT HAPPEN (AS IS PROBABLY MORE LIKELY - REF D), AND REVIEW IS HELD AT THE DECEMBER 13 MEETING, MISSION SHOULD MAKE FOLLOWING POINTS.

3. SPANISH MEASURES. WE FULLY APPRECIATE THE SERIOUSNESS OF THE BALANCE OF PAYMENTS PROBLEMS FACING YOUR COUNTRY. NEVERTHELESS, WE WERE DISAPPOINTED TO LEARN THAT THE SPANISH GOVERNMENT, WHICH HAS ADHERED TO THE TRADE PLEDGE, FOUND IT NECESSARY TO TAKE TRADE RESTRICTIVE ACTIONS, PARTICULARLY IN VIEW OF ITS SUBSTANTIAL RESERVE HOLDINGS. WE NOTE, HOWEVER, THAT THE TRADE MEASURES ARE NON-DISCRIMINATORY. WE HOPE THAT THE TARIFF INCREASES WILL BE RESCINDED ASAP BUT NOT LATER THAN THEIR SCHEDULED EXPIRATION IN 6 MONTHS. MISSION SHOULD POSE FOLLOWING QUESTION TO SPANISH DELEGATE. CAN YOU ASSURE US THAT NO GATT BINDINGS HAVE BEEN VIOLATED BY THE TRADE MEASURES? IF NOT, WE WOULD APPRECIATE DETAILS.

4. PORTUGUESE MEASURES. THE US IS HOPEFUL THAT THE ECONOMIC SITUATION IN PORTUGAL WILL IMPROVE SO THAT THE RESTRICTIVE MEASURES CAN BE REMOVED AT AN EARLY DATE.

5. WE ARE CONSULTING BILATERALLY WITH THE CANADIANS ON THEIR IMPORT RESTRICTIONS ON DOUBLEKNIT FABRICS UNDER GATT ARTICLE 19. MISSION SHOULD NEITHER PROPOSE NOR OPPOSE REVIEW OF CANADIAN ACTION.

6. IF RECENT US DECISION TO PARTIALLY RESTORE DUTIES ON CERTAIN BRANDIES IS MENTIONED IN MEETING, US DELEGATION MAY RESPOND THAT REDUCTION OF THOSE DUTIES IN 1974 WAS UNILATERAL AND TEMPORARY, INTENDED, AS WE ANNOUNCED AT THAT TIME, TO IMPROVE TRADE NEGOTIATING CLIMATE BETWEEN US AND EC. WE ESPECIALLY HOPED TO RESOLVE LONGSTANDING DISPUTE OVER EC IMPORT BARRIERS TO US POULTRY PRODUCTS. US DEEPLY REGRETS THAT DESPITE INTENSIVE CONSULTATIONS IN RECENT MONTHS TWO SIDES WERE UNABLE TO REACH LIMITED OFFICIAL USE

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AGREEMENT. WE HOPE THAT AGREEMENT WILL BE POSSIBLE IN COURSE OF MTN.

7. DELEGATION CAN STRESS THAT RECENT US ACTION WAS MODERATE. (A) NEW DUTIES ARE STILL LOWER THAN PRIOR TO 1974. DUTY APPLICABLE TO BOTTLED BRANDY WAS RAISED FROM 1 DOLLAR AND 25 CENTS ONLY TO 3 DOLLARS PER GALLON RATHER THAN TO PRE-1974 DUTY OF 5 DOLLARS.

INCREASE APPLIES TO BOTTLED BRANDY VALUED BETWEEN 13 AND 17 DOLLARS RATHER THAN BETWEEN 9 AND 17 DOLLARS THUS LEAVING DUTY AT 1 DOLLAR AND 25 CENTS FOR BRANDIES VALUED BETWEEN 9 AND 13 DOLLARS. (B) EFFECT OF NEW DUTY WAS DELAYED. EFFECTIVE DATE WAS DELAYED 30 DAYS TO DECEMBER 26 AND HIGHER DUTY WILL NOT APPLY TO BRANDIES ALREADY IN BOND AND IN US FOREIGN TRADE ZONES AS OF THAT DATE.

8. US DELEGATION SHOULD STRESS THAT US ACTION ON BRANDY AROSE FROM A UNIQUE SET OF CIRCUMSTANCES, AND DOES NOT INDICATE ANY CHANGE IN OVERALL US TRADE POLICY. ROBINSON

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